

OFFICE OF THE STATE CONTROLLER
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2001-01
FINANCIAL AND COMPLIANCE AUDITS
APRIL 2, 2001

In accordance with Government Code (GC) Section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for Financial and Compliance Audits. These claiming instructions are issued subsequent to the adoption of the program's amended parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

Before the enactment of test claim legislation, Education Code Section 41020, as reenacted by Chapter 1010, Statutes of 1976, required school districts and county offices of education (COE's) to undertake annual financial and compliance audits. The subject test claim legislation and the SCO's *Standards and Procedures for Audits of California K-12 Local Education Agencies* revisions impose additional requirements on school districts and COE's.

On July 27, 2000, the COSM determined that the revisions for the Financial and Compliance Audits program establish costs mandated by the State according to the provisions listed in the P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

Eligible Claimants

With the exception of community colleges, any county office of education or school district, as defined in GC § 17519, that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

Filing Deadlines

Reimbursement claims for the 1994-95 through 1999-00 fiscal years must be filed with the SCO. Claims must be delivered or postmarked on or before **July 31, 2001**. Annually thereafter, having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15, of the following fiscal year. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000. In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. Claims filed more than one year after the deadline, or without the requested supporting documentation, will not be accepted.

All initial reimbursement claims will be considered as one claim for the purpose of computing the late claim penalty. Do not prorate the penalty among fiscal years. If the claims are late, the penalty should be applied to a single fiscal year.

Estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. However, 2000-01 estimated claims must be filed with the SCO and postmarked by **July 31, 2001**. Timely filed claims will be paid before late claims.

Minimum Claim Cost

GC § 17564(a) provides that no claim shall be filed pursuant to § 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as the fiscal agent for the district, may submit a combined claim in excess of \$200 on behalf of districts within the county even if an individual claim does not exceed \$200. A combined claim must show the individual claim costs for each eligible district. Once a combined claim is filed, all subsequent fiscal years relating to the same mandate must be filed in a combined form. The county superintendent receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing the county superintendent and the SCO with a written notice of its intent to file a separate claim at least 180 days prior to the deadline for filing the claim. Claims should be rounded to the nearest dollar.

Reimbursement Claims

Initial reimbursement claims will only be reimbursed to the extent that expenditures can be supported and if such information is unavailable, claims will be reduced. In addition, ongoing reimbursement claims must be supported by documentation as evidence of the expenditures. Examples of documentation may include, but are not limited to, employee time records that identify mandate activities, payroll records, invoices, receipts, contracts, travel expense vouchers, purchase orders, and caseload statistics.

Audit of Costs

All claims submitted to the SCO are reviewed to determine if costs are related to the mandate, are reasonable and not excessive, and the claim was prepared in accordance with the P's & G's adopted by the COSM. If any adjustments are made to a claim, a "Notice of Claim Adjustment," specifying the claim component adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within 30 days after payment of the claim.

On-site audits will be conducted by the SCO as deemed necessary. Accordingly, all documentation to support actual costs claimed must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or amended, regardless of the year of costs incurred. When no funds are appropriated for initial claims at the time the claim is filed, supporting documents must be retained for two years from the date of initial payment of the claim. Claim documentation shall be made available to the SCO on request.

Retention of Claiming Instructions

Claiming instructions and forms should be retained permanently in your Mandated Cost Manual for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary. For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at www.sco.ca.gov/ard/local/locreim/index.htm.

Address for Filing Claims

Submit a signed original and a copy of form FAM-27, Claim for Payment, and a copy of all other forms and supporting documents to:

If delivered by
U.S. Postal Service:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

If delivered by
other delivery services:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 500
Sacramento, CA 95816

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE TEST CLAIM ON:

Education Code Sections 1040, 14501, 14502, 14503, 14504, 14505, 14506, 14507, 41020, 41020.2, 41020.3 and 41023, as amended by Statutes of 1995, Chapter 476, et al.

Filed on December 15, 1995

By the San Diego County Office of Education and Sweetwater Union High School District, Claimant.

No. 4498/4498A

Financial and Compliance Audits

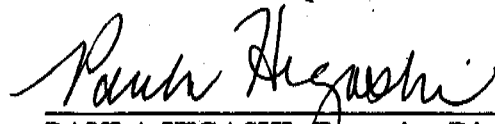
ADOPTION OF PARAMETERS AND
GUIDELINES PURSUANT TO
GOVERNMENT CODE SECTION 17557
AND TITLE 2, CALIFORNIA CODE OF
REGULATIONS, SECTION 1183.12

(Adopted on January 25, 2001)

ADOPTED PARAMETERS AND GUIDELINES

The attached Parameters and Guidelines is hereby adopted in the above-entitled matter.

This Decision shall become effective on January 29, 2001.



PAULA HIGASHI, Executive Director

Claimants' Proposed Parameters and Guidelines, As Modified By Staff

Education Code Sections 1040, 14501, 14502, 14503, 14504, 14505,
14506, 14507, 41020, 41020.2, 41020.3, and 41023

Statutes of 1977, Chapters 36 and 936

Statutes of 1978, Chapter 207

Statutes of 1980, Chapter 1329

Statutes of 1984, Chapter 268

Statutes of 1985, Chapters 741 and 1239

Statutes of 1986, Chapter 1150

Statutes of 1988, Chapter 1351, Chapters 1461 and 1462

Statutes of 1992, Chapter 962

Statutes of 1994, Chapter 20 and 1002

Statutes of 1995, Chapter 476

State Controller's Office Standards and Procedures for Audits
of California K-12 Local Educational Agencies

Financial and Compliance Audits

I. SUMMARY OF THE MANDATE

Before the enactment of the test claim legislation, school districts and county offices of education (COEs) were required to undertake annual financial and compliance audits.¹ The subject test claim legislation and the State Controller's Office (SCO's) Standards and Procedures for Audits of California K-12 Local Educational Agencies revisions imposed additional audit requirements on school districts and COEs.

On July 27, 2000 the Commission adopted its Statement of Decision finding that Education Code sections 1040, 14504, 14505, 41020 subdivisions (i), (j), (k), (l), (n), and (o), 41020.2, 41020.3, and the SCO's Standards and Procedures for Audits of California K-12 Local Educational Agencies revisions impose a new program or a higher level of service within an existing program upon school districts within the meaning of section 6, article XIII B of the California Constitution, and costs mandated by the state pursuant to Government Code section 17514.

II. ELIGIBLE CLAIMANTS

¹ Education Code section 41020, as reenacted by Statutes of 1976, Chapter 1010.

Any county office of education or “school district,” as defined in Government Code section 17519, except for community colleges, that incurs increased costs as a result of this mandate is eligible to claim reimbursement.

III. PERIOD OF REIMBURSEMENT

Government Code section 17557, prior to its amendment by Statutes of 1998, Chapter 681, stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year.

The claimants filed the test claim for this mandate on December 13, 1995. Therefore, for Statutes of 1977, Chapters 36 and 936, Statutes of 1978, Chapter 207, Statutes of 1980, Chapter 1329, Statutes of 1984, Chapter 268, Statutes of 1985, Chapters 741 and 1239, Statutes of 1986, Chapter 1150, Statutes of 1988, Chapters 1351, 1461, and 1462, Statutes of 1992, Chapter 962, and Statutes of 1994, Chapter 20, all costs incurred on or after July 1, 1994 are eligible for reimbursement pursuant to these Parameters and Guidelines.

Statutes of 1994, Chapter 1002, was effective January 1, 1995. Therefore, for Statutes of 1994, Chapter 1002, all costs incurred on or after January 1, 1995 are eligible for reimbursement.

Statutes of 1995, Chapter 476, was effective January 1, 1996. Therefore, for Statutes of 1995, Chapter 476, all costs incurred on or after January 1, 1996 are eligible for reimbursement.²

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d) (1), all claims for reimbursement of initial years costs shall be submitted within 120 days from the date on which the SCO issues claiming instructions.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

IV. REIMBURSABLE ACTIVITIES

The direct and indirect costs of labor, materials and supplies, contracted services, fixed assets, travel, and training incurred for the following mandate components are reimbursable:

² Statutes of 1995, Chapter 476 made only non-substantive changes to the reimbursable activities in these Parameters and Guidelines. Therefore, the activities amended by this chapter are reimbursable beginning July 1, 1994. (See the applicable footnotes in the Reimbursable Activities section.)

COUNTY OFFICES OF EDUCATION

COMPONENT 1 – BOILERPLATE LANGUAGE³

- a. Changing the boilerplate audit contract language to require access to audit working papers. (One-time costs if the costs were incurred within the reimbursement period.) (Ed. Code, § 14504)⁴
- b. Changing the boilerplate audit contract language to delineate payment terms, payment withholds, and the provision to void multi-year contracts, (One-time reimbursement, if costs were incurred within the reimbursement period.) (Ed. Code, § 14505.)⁵

COMPONENT 2 – AUDIT COSTS

- a. The ongoing costs of processing of multiple payments to the auditor due to mandatory fee withholds. (Ed. Code, § 14505.)⁶
- b. Increases in the independent audit costs for changes made by the state to audit formats or boilerplate language, and for additional time auditors may require to prepare an audit to conform to the revised audit guide. (One-time costs) (SCO Audit Guide: May 1997 revisions.)⁷

COMPONENT 3 – CORRECTIVE PLANS

- a. Upon request of the State Department of Education (SDE), consulting with and following-up with the school district to resolve exceptions in the plan of correction for the preceding fiscal year. (Ed. Code, § 41020, subd. (l).)⁸
- b. Adjusting future local property tax requirements to correct any audit exceptions relating to school district tax rates and tax revenues. (Ed. Code, § 41020, subd. (o).)⁹

COMPONENT 4 – RESPONDING TO REQUESTS

³ This provision imposes a new requirement that school districts add a clause to the audit contract. Accordingly, the Commission found in its Statement of Decision that this is a reimbursable activity resulting in a one-time cost to add a clause to boilerplate audit contract language. However, the Commission noted that the statutory requirement for the change in contract language was enacted by Statutes of 1984, Chapter 268, effective June 30, 1984. The reimbursement period for this test claim begins on July 1, 1994, therefore, the Commission found that local educational agencies should have incurred their one-time costs at the time of the enactment of the statute, ten years prior to the beginning of the reimbursement period.

⁴ Statutes of 1984, Chapter 268; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

⁵ Statutes of 1984, Chapter 268; amended by Statutes of 1988, Chapter 1351; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

⁶ Statutes of 1984, Chapter 268; amended by Statutes of 1988, Chapter 1351; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

⁷ If future changes are required, a new test claim must be filed with the Commission.

⁸ Statutes of 1994, Chapter 1002. Reimbursement begins January 1, 1995.

⁹ Statutes of 1977, Chapter 936. Reimbursement begins July 1, 1994.

- a. Responding to any SCO directives if selected for a follow up of the county superintendent of school's audit resolution process for fiscal years 1994-95 and beyond. (Ed. Code, § 41020, subd. (n).)¹⁰
- b. Consulting with the SCO, upon the SCO's request, when audited financial statements are not timely completed for a school district in the COE's jurisdiction. (Ed. Code, § 41020.2.)¹¹
- c. Providing access to audit working papers. (Only reimbursable when the district is not subject to the Federal Single Audit Act.) (Ed. Code, § 14504.)¹²

COMPONENT 5 – PUBLIC REVIEW

- a. Beginning on July 1, 1994, placing a review of the annual audit on the agenda of a public meeting of the governing board. Beginning January 1, 1995, the review of the audit shall include discussion of any audit exceptions identified, the recommendations or findings of any management letter issued by the auditor, and plans of correction of audit exceptions or management letter issues. (Preparation of the brief description of the agenda item are claimed under the *Open Meetings Act* Parameters and Guidelines.) (Ed. Code, §§ 1040¹³, 41020.3¹⁴).

COMPONENT 6 – AUDIT REVIEW

- a. Reviewing school district audit exceptions, following up on corrective actions taken by school districts, requiring the school district to submit or resubmit any inadequate response by March 15, and certifying to the Superintendent of Public Instruction (SPI) the COE has reviewed all school district audit exceptions, and that those exceptions have been corrected. (Ed. Code, § 41020, subd. (i), (j) and (k).)¹⁵

¹⁰ Statutes of 1994, Chapter 1002. Reimbursement begins January 1, 1995.

¹¹ Statutes of 1986, Chapter 1150. Non-substantive amendments by Statutes of 1988, Chapter 1462. Reimbursement begins July 1, 1994.

¹² Statutes of 1984, Chapter 268; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

¹³ Statutes of 1976; Chapter 1010; amended by Statutes of 1985, Chapter 741.

¹⁴ Statutes of 1978, Chapter 207; amended by Statutes of 1994, Chapter 1002.

¹⁵ Statutes of 1994, Chapter 1002. Reimbursement begins January 1, 1995.

SCHOOL DISTRICTS

COMPONENT 1 – BOILERPLATE LANGUAGE¹⁶

- a. Changing the boilerplate audit contract language to require access to audit working papers. (One-time costs if the costs were incurred within the reimbursement period.) (Ed. Code, § 14504.)¹⁷
- b. Changing the boilerplate audit contract language to delineate payment terms, payment withholds, and the provision to void multi-year contracts, (One-time reimbursement, if costs were incurred within the reimbursement period.) (Ed. Code, § 14505.)¹⁸

COMPONENT 2 – AUDIT COSTS

- a. The ongoing costs of processing multiple payments to the auditor due to mandatory fee withholds. (Ed. Code, § 14505.)¹⁹
- b. Increases in the independent audit costs for changes made by the state to audit formats or boilerplate language, and for additional time auditors may require to prepare an audit to conform to the revised audit guide. (One-time costs) (SCO Audit Guide: May 1997 revisions.)²⁰

COMPONENT 3 – CORRECTIVE PLANS

- a. Submitting plans of correction for any state program audit exceptions as requested by its COE by March 15 and filing forms to the SPI regarding attendance related and other audit exceptions as directed. (Ed. Code, § 41020, subd. (j) and (k).)²¹

¹⁶ This provision imposes a new requirement that school districts add a clause to the audit contract. Accordingly, the Commission found in its Statement of Decision that this is a reimbursable activity resulting in a one-time cost to add a clause to boilerplate audit contract language. However, the Commission noted that the statutory requirement for the change in contract language was enacted by Statutes of 1984, Chapter 268, effective June 30, 1984. The reimbursement period for this test claim begins on July 1, 1994, therefore, the Commission found that local educational agencies should have incurred their one-time costs at the time of the enactment of the statute, ten years prior to the beginning of the reimbursement period.

¹⁷ Statutes of 1984, Chapter 268; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

¹⁸ Statutes of 1984, Chapter 268; amended by Statutes of 1988, Chapter 1351; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

¹⁹ Statutes of 1984, Chapter 268; amended by Statutes of 1988, Chapter 1351; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

²⁰ If future changes are required, a new test claim must be filed with the Commission.

²¹ Statutes of 1994, Chapter 1002. Reimbursement begins January 1, 1995.

COMPONENT 4 – RESPONDING TO REQUESTS

- a. Responding to any inquiry from the SDE, COE, or the county superintendent of schools regarding previous corrections or plans of correction for state program audit exceptions not resolved by the district. (Ed. Code, § 41020, subd. (1).)²²
- b. Providing access to audit working papers. (Only reimbursable when the district is not subject to the Federal Single Audit Act.) (Ed. Code, § 14504.)²³

COMPONENT 5 – PUBLIC REVIEW

- a. Beginning July 1, 1994, placing a review of the annual audit on the agenda of a public meeting of the governing board. Beginning January 1, 1995, the review of the audit shall include discussion of any audit exceptions identified, the recommendations or findings of any management letter issued by the auditor, and plans of correction of audit exceptions or management letter issues. (Preparation of the brief description of the agenda item are claimed under the *Open Meetings Act* Parameters and Guidelines.) (Ed. Code, §§ 1040²⁴, 41020.3.²⁵)

V. CLAIM PREPARATION

Each claim for reimbursement must be timely filed and identify each cost element for which reimbursement is claimed under this mandate. Claimed costs must be identified to each reimbursable activity identified in Section IV of this document.

A. Direct Costs

Direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities, or functions and shall be supported by the following cost element information:

1. Salaries and Benefits

Identify the employee(s) and/or show the classification of the employee(s) involved. Describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee, productive hourly rate and the related fringe benefits.

Reimbursement for personnel services includes compensation for salaries, wages, and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absences (e.g. annual leave, sick leave) and the employer's contributions to social security, pension plans, insurance, and worker's compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities performed by the employee.

2. Materials and Supplies

²² Statutes of 1994, Chapter 1002. Reimbursement begins January 1, 1995.

²³ Statutes of 1984, Chapter 268; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

²⁴ Statutes of 1976, Chapter 1010; amended by Statutes of 1985, Chapter 741.

²⁵ Statutes of 1978, Chapter 207; amended by Statutes of 1994, Chapter 1002.

Only the expenditures that can be identified as direct costs of this mandate can be claimed. List the cost of the materials and supplies consumed specifically for the purposes of this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based upon a recognized method of costing, consistently applied.

3. Contracted Services

Provide the name(s) of the contractor(s) who performed the service(s), including any fixed contracts for services. Describe the reimbursable activities performed by each named contractor and give the number of actual hours spent on the activities, if applicable. Show the inclusive dates when services were performed and itemize all costs for those services. Attach a copy of the contract to the claim.

4. Fixed Assets

List the purchase price paid for equipment and other fixed assets acquired for this mandate. Purchase price includes taxes, delivery costs, and installation costs. If the equipment or other capital asset is used for purposes other than this mandate, only the pro rata purchase price can be claimed.

5. Travel

Travel expenses for mileage, per diem, lodging, and other employee entitlements are eligible for reimbursement in accordance with the rules of the local jurisdiction. Provide the name(s) of the traveler(s), purpose of the travel, inclusive dates and times of travel, destination point(s), and travel costs.

6. Training

The cost of training an employee to perform the mandated activities, as specified in Section IV of these Parameters and Guidelines, is eligible for reimbursement. Identify the employee(s) by name and job classification. Provide the title and subject of the training session, the dates attended, and the location. Reimbursable costs may include salaries and benefits, registration fees, transportation, lodging, and per diem. If the training encompasses subjects broader than this mandate, only the pro rata portion of the training costs can be claimed.

B. Indirect Costs

Indirect costs are defined as costs which are incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate, and (2) the costs of central government services distributed to other departments based on a systematic and rational basis through a cost allocation plan.

1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the State Department of Education.

2. County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the State Department of Education.

VI. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents (e.g., employee time records, cost allocation reports, invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, time studies, etc.) that show evidence of the validity of such costs and their relationship to the state mandated program. All documentation in support of the claimed costs shall be made available to the SCO, as may be requested. Pursuant to Government Code section 17558.5, these documents must be kept on file by the agency submitting the claim for a period of no less than two years after the later of (1) the end of the calendar year in which the reimbursement claim is filed or last amended, or (2) if no funds are appropriated for the fiscal year for which the claim is made, the date of initial payment of the claim.

VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of the subject mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any other source, including but not limited to federal funds and other state funds, shall be identified and deducted from this claim.

VIII. REQUIRED CERTIFICATION

An authorized representative of the claimant shall be required to provide a certification of claim, as specified in the SCO's claiming instructions, for those costs mandated by the state contained herein.

IX. PARAMETERS AND GUIDELINES AMENDMENTS

Pursuant to Title 2, California Code of Regulations, section 1183.2, Parameters and Guidelines amendments filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A Parameters and Guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15, following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

| CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 FINANCIAL AND COMPLIANCE AUDITS | | | For State Controller Use Only | |
|--|--|--|---|--|
| (01) Claimant Identification Number | | | (19) Program Number 00192 | |
| (02) Mailing Address | | | (20) Date File _____/_____/_____ | |
| Claimant Name | | | (21) LRS Input _____/_____/_____ | |
| County of Location | | | Reimbursement Claim Data | |
| Street Address or P.O. Box | | | (22) FCA-1, (03) | |
| City State Zip Code | | | (23) FCA-1, (04)(1)(f) | |
| | | | (24) FCA-1, (04)(2)(f) | |
| | | | (25) FCA-1, (04)(3)(f) | |
| | | | (26) FCA-1, (04)(4)(f) | |
| | | | (27) FCA-1, (04)(5)(f) | |
| | | | (28) FCA-1, (04)(6)(f) | |
| | | | (29) FCA-1, (06) | |
| | | | (30) | |
| Type of Claim | | | | |
| (03) Estimated <input type="checkbox"/> | | | (09) Reimbursement <input type="checkbox"/> | |
| (04) Combined <input type="checkbox"/> | | | (10) Combined <input type="checkbox"/> | |
| (05) Amended <input type="checkbox"/> | | | (11) Amended <input type="checkbox"/> | |
| Fiscal Year of Cost | | | | |
| (06) 20____/20____ | | | (12) 19____/20____ | |
| Total Claimed Amount | | | | |
| (07) | | | (13) | |
| Less: 10% Late Penalty, not to exceed \$1,000 | | | | |
| (14) | | | (33) | |
| Less: Estimated Claim Payment Received | | | | |
| (15) | | | (34) | |
| Net Claimed Amount | | | | |
| (16) | | | (35) | |
| Due from State | | | | |
| (08) | | | (17) | |
| Due to State | | | | |
| (18) | | | (37) | |
| (38) CERTIFICATION OF CLAIM | | | | |
| In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapters 36 and 936, Statutes of 1977, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive. | | | | |
| I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapters 36 and 936, Statutes of 1977. | | | | |
| The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapters 36 and 936, Statutes of 1977, set forth on the attached statements. | | | | |
| Signature of Authorized Officer | | | Date | |
| _____ | | | _____ | |
| _____ | | | _____ | |
| Type or Print Name | | | Title | |
| (39) Name of Contact Person for Claim | | | | |
| Telephone Number (_____) _____ Ext. _____ | | | | |
| E-mail Address _____ | | | | |

FINANCIAL AND COMPLIANCE AUDITS
Certification Claim Form
Instructions

FORM
FAM-27

- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form FCA-1 and enter the amount from line (11).
- (08) Enter the same amount as shown on line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of reimbursement claim from form FCA-1, line (11).
- (14) **Filing Deadline. Initial Claims of Ch. 36 and 936/77.** If the reimbursement claims for the fiscal years 1994-95 through 1999-00 are filed after **July 31, 2001**, the claims must be reduced by a late penalty. All initial reimbursement claims will be considered as one claim for the purpose of computing the late claim penalty. Do not prorate the penalty among the fiscal years. If the claims are late, the penalty should be applied to a single fiscal year. Enter either the product of multiplying the sum total of line (13) for all applicable FAM-27's by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- In subsequent years, reimbursement claims must be filed by January 15 of the fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and an estimated claim was previously filed for the same fiscal year, enter the amount received for the estimated claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.
- (18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.
- (19) to (21) Leave blank.
- (22) to (37) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (29) for the reimbursement claim, e.g., FCA-1, (04)(1)(f), means the information is located on form FCA-1, line (04)(1), column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, (i.e., no cents). Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8). **Completion of this data block will expedite the payment process.**
- (38) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by a signed certification.**
- (39) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

SUBMIT A SIGNED ORIGINAL, A COPY OF FORM FAM-27, AND A COPY OF ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:

Address, if delivered by U.S. Postal Service:

**OFFICE OF THE STATE CONTROLLER
 ATTN: Local Reimbursements Section
 Division of Accounting and Reporting
 P.O. Box 942850
 Sacramento, CA 94250**

Address, if delivered by other delivery service:

**OFFICE OF THE STATE CONTROLLER
 ATTN: Local Reimbursements Section
 Division of Accounting and Reporting
 3301 C Street, Suite 500
 Sacramento, CA 95816**

| MANDATED COSTS FINANCIAL AND COMPLIANCE AUDITS CLAIM SUMMARY | | | | | | FORM FCA-1 | |
|--|--|------------------------------------|--|---------------------------------------|------------------------|----------------------------------|--------------|
| (01) Claimant | | | (02) Type of Claim | | | Fiscal Year | |
| | | | Reimbursement <input type="checkbox"/> | | | | |
| | | | Estimated <input type="checkbox"/> | | | 19__/20__ | |
| Claim Statistics | | | | | | | |
| (03) Number of financial and compliance audits conducted during the fiscal year of claim | | | | | | | |
| Direct Costs | | Object Accounts | | | | | |
| (04) Reimbursable Components | | (a) Salaries and Benefits | (b) Materials and Supplies | (c) Contract Services | (d) Fixed Assets | (e) Travel and Training | (f) Total |
| 1. Boilerplate Language | | | | | | | |
| 2. Audit Costs | | | | | | | |
| 3. Corrective Plans | | | | | | | |
| 4. Responding to Requests | | | | | | | |
| 5. Public Review | | | | | | | |
| 6. Audit Review (COE) | | | | | | | |
| (05) Total Direct Costs | | | | | | | |
| Indirect Costs | | | | | | | |
| (06) Indirect Cost Rate | | | | [From J-380 or J-580] | | % | |
| (07) Total Indirect Costs | | | | [Line (06) x line (05)(f)] | | | |
| (08) Total Direct and Indirect Costs | | | | [Line (05)(f) + line (07)] | | | |
| Cost Reduction | | | | | | | |
| (09) Less: Offsetting Savings | | | | | | | |
| (10) Less: Other Reimbursements | | | | | | | |
| (11) Total Claimed Amount | | | | [Line (08) - {line (09) + line (10)}] | | | |

| | |
|---|-----------------------------|
| MANDATED COSTS FINANCIAL AND COMPLIANCE AUDITS CLAIM SUMMARY | FORM FCA-1 |
|---|-----------------------------|

- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.
- Form FCA-1 must be filed for a reimbursement claim. Do not complete form FCA-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form FCA-1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the number of financial and compliance audits conducted during the fiscal year of the claim.
- (04) Reimbursable Components. For each reimbursable component, enter the totals from form FCA-2, line (05), columns (d) through (h), to form FCA-1, block (04), columns (a) through (e), in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (f).
- (06) Indirect Cost Rate. Enter the indirect cost rate from the Department of Education form J-380 or J-580, as applicable for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Direct Costs, line (05)(f).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Total Claimed Amount. From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

| | |
|--|-----------------------------|
| MANDATED COSTS FINANCIAL AND COMPLIANCE AUDITS COMPONENT/ACTIVITY COST DETAIL | FORM FCA-2 |
|--|-----------------------------|

(01) Claimant

(02) Fiscal Year

(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.☐

Boilerplate Language

☐

Responding to Requests

☐

Audit Costs

☐

Public Review

☐

Corrective Plans

☐

Audit Review (COE)

(04) Description of Expenses: Complete columns (a) through (h).

Object Accounts

| (a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses | (b) Hourly Rate or Unit Cost | (c) Hours Worked or Quantity | (d) Salaries and Benefits | (e) Materials and Supplies | (f) Contract Services | (g) Fixed Assets | (h) Travel and Training |
|--|--|--|------------------------------------|-------------------------------------|-----------------------------|------------------------|----------------------------------|
| | | | | | | | |
| (05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ____ of ____ | | | | | | | |

FINANCIAL AND COMPLIANCE AUDITS
COMPONENT/ACTIVITY COST DETAIL
Instructions

FORM
FCA-2

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Components. Check the box which indicates the cost component being claimed. Check only one box per form. A separate form FCA-2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, productive hourly rates, actual time spent by each employee, fringe benefits, supplies used, contract services, and travel expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial payment at the time the claim was filed, supporting documents must be retained for two years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

| Object/ Sub object Accounts | Columns | | | | | | | | Submit these supporting documents with the claim |
|-----------------------------------|---|-------------------------------------|----------------------------------|--|---|--|---|---|---|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | |
| Salaries and Benefits | Employee Name | Hourly Rate | Hours Worked | Salaries = Hourly Rate x Hours Worked | | | | | |
| Salaries | Title | | | | | | | | |
| Benefits | Activities | Benefit Rate | | Benefits = Benefit Rate x Salaries | | | | | |
| Materials and Supplies | Description of Supplies Used | Unit Cost | Quantity Used | | Cost = Unit Cost x Quantity Used | | | | |
| Contract Services | Name of Contractor Specific Tasks Performed | Hourly Rate | Hours Worked Dates of Service | | | Itemized Cost of Services Performed | | | Invoice |
| Fixed Assets | Description of Equipment Purchased Equipment ID | Unit Cost | Quantity Used | | | | Itemized Cost of Equipment Purchased | | Invoice |
| Travel and Training | Purpose of Travel | Per Diem Rate | Days | | | | | Rate x Days | |
| Travel | Name and Title Departure and Return Date | Mileage Rate Transportation Cost | Miles Transportation Mode | | | | | or Miles = Total Transportation Cost | |
| Training | Employee Name and Title Name of Class | | Dates Attended | | | | | Registration Fee | |

- (05) Total line (04), columns (d) through (h), and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Enter totals from line (05), columns (d) through (h), to form FCA-1, block (04), columns (a) through (e), in the appropriate row.